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STUDENT FINANCIAL AID

ANNUAL REPORT

2002/2003



January 2004

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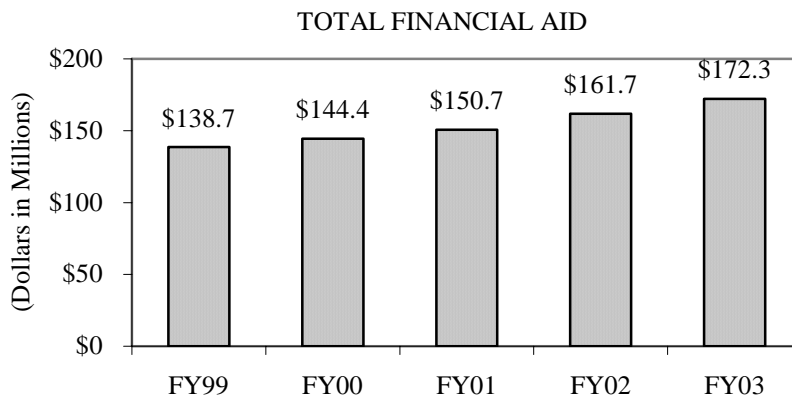
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EXECUTIVE SUMMARY

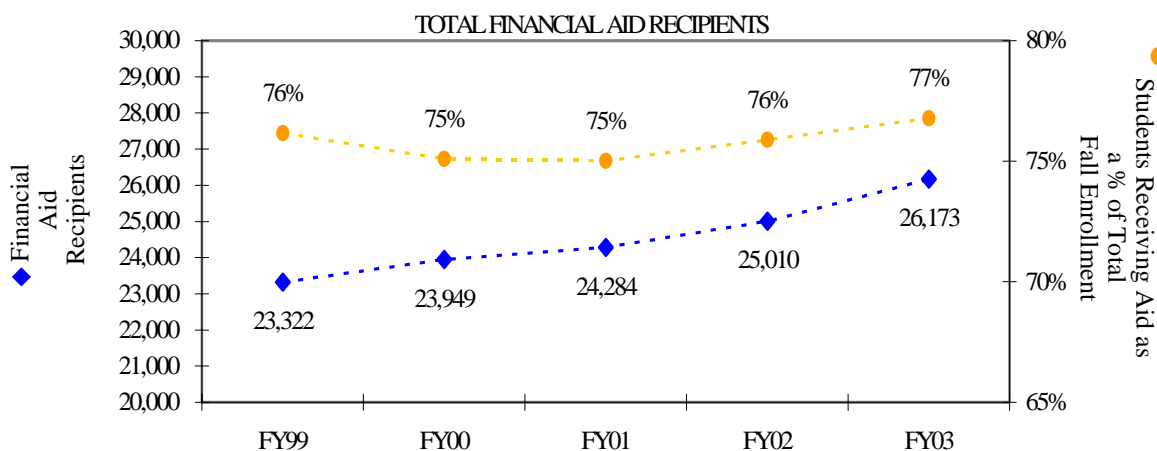
Historical Perspective



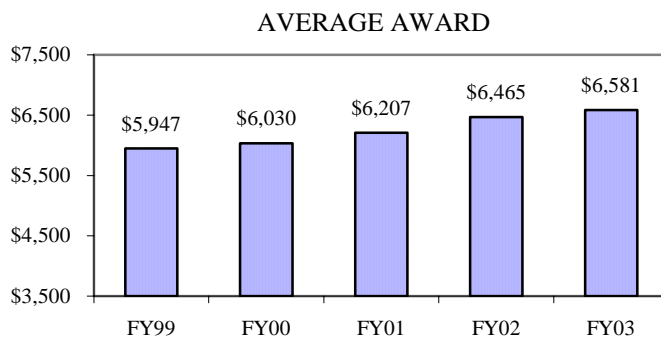
THE TOTAL FINANCIAL AID FOR FY03 TOTALED \$172.3 MILLION, REFLECTING AN INCREASE OF \$10.6 MILLION WHEN COMPARED TO LAST YEAR. THE AMOUNTS AWARDED FOR SCHOLARSHIPS, GRANTS, AND WAIVERS INCREASED BY \$3.6 MILLION. UNIVERSITY AND COLLEGE WORK STUDY WAGES PAID TO STUDENTS INCREASED BY \$1.2 MILLION AND EDUCATIONAL LOANS INCREASED BY \$5.8 MILLION.



THE TOTAL NUMBER OF STUDENTS RECEIVING AID ALSO INCREASED DURING FY2003.



NOT ONLY DID 1,163 MORE STUDENTS RECEIVE FINANCIAL ASSISTANCE, BUT THE AVERAGE AMOUNT RECEIVED PER STUDENT ALSO INCREASED AS THE UNIVERSITY CONTINUES TO STRIVE TO PROVIDE MORE AID TO MORE STUDENTS.



EXECUTIVE SUMMARY

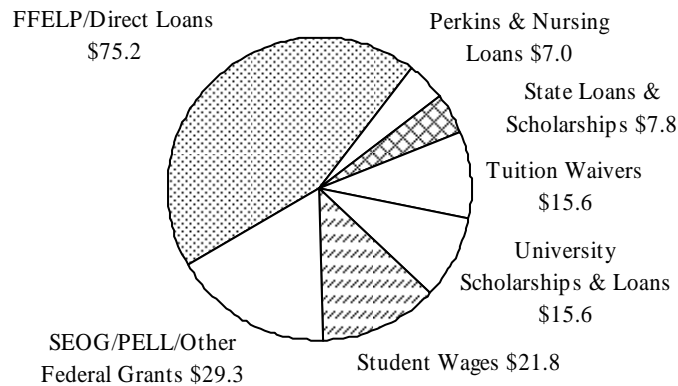
The FY2003 Perspective



Total Aid - \$172.3 million

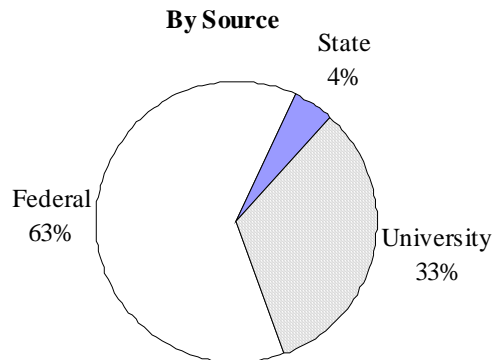
The total financial aid received by University students from all sources totaled \$172.3 million

TOTAL AID - \$172.3 million



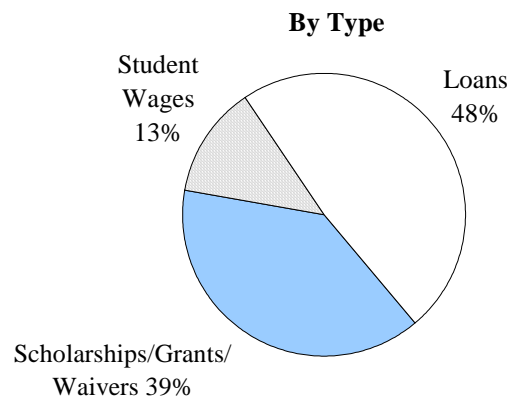
Source of Aid

Students at the University of Maine System receive financial assistance from three major sources: Federal (63%), University (33%), and State (4%).



Types of Aid

Financial aid funds were distributed to students in the form of Loans (48%), Scholarships/Waivers/Grants (39%), and Work-Study/University Wages (13%).

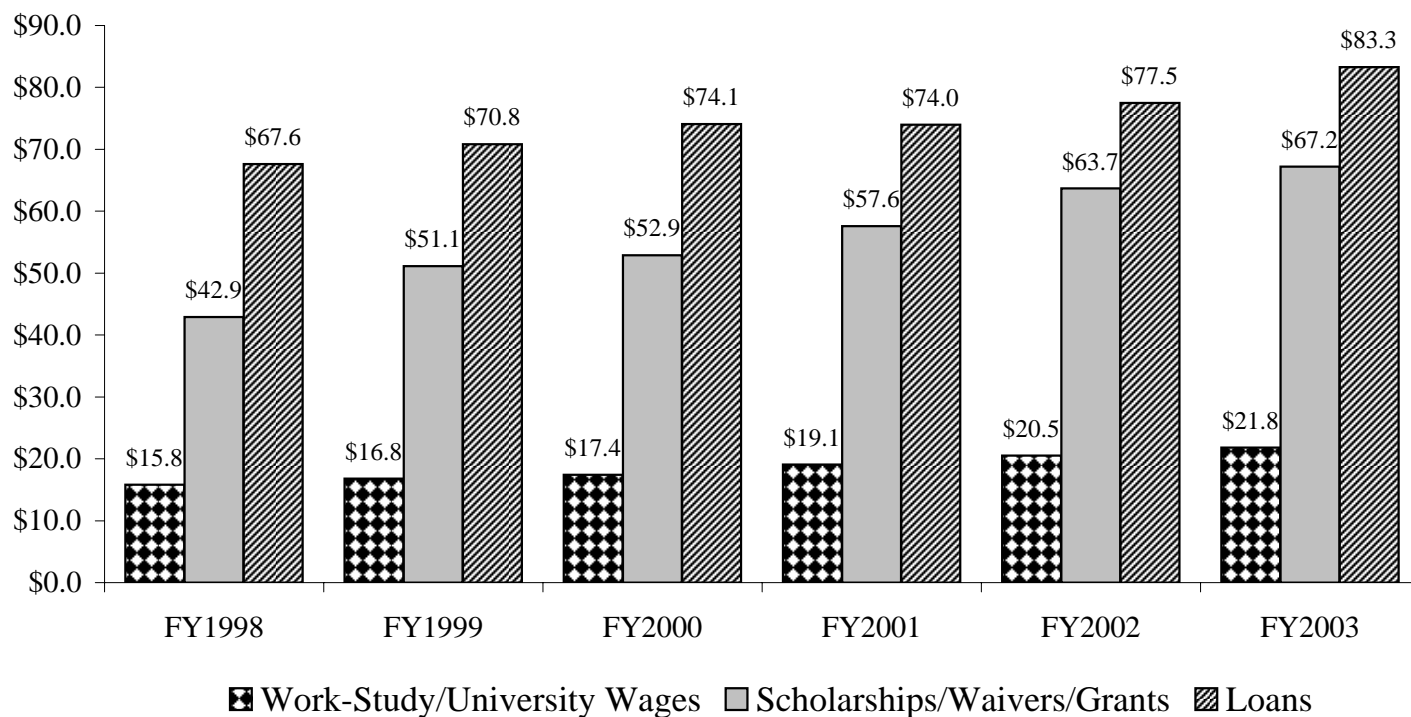


OVERVIEW

Financial Aid By Type (\$ in Millions)

	<u>FY1998</u>		<u>FY1999</u>		<u>FY2000</u>		<u>FY2001</u>		<u>FY2002</u>		<u>FY2003</u>		<u>5-Year Change</u>
Work-Study/University Wages	\$15.8	13%	\$16.8	12%	\$17.4	12%	\$19.1	13%	\$20.5	13%	\$21.8	13%	38%
Scholarships/Waivers/Grants	42.9	34%	51.1	37%	52.9	37%	57.6	38%	63.7	39%	67.2	39%	57%
Loans	67.6	53%	70.8	51%	74.1	51%	74.0	49%	77.5	48%	83.3	48%	23%
Totals	<u>\$126.3</u>	<u>100%</u>	<u>\$138.7</u>	<u>100%</u>	<u>\$144.4</u>	<u>100%</u>	<u>\$150.7</u>	<u>100%</u>	<u>\$161.7</u>	<u>100%</u>	<u>\$172.3</u>	<u>100%</u>	36%

Historical Level of Aid Funding By Type (\$ in Millions)

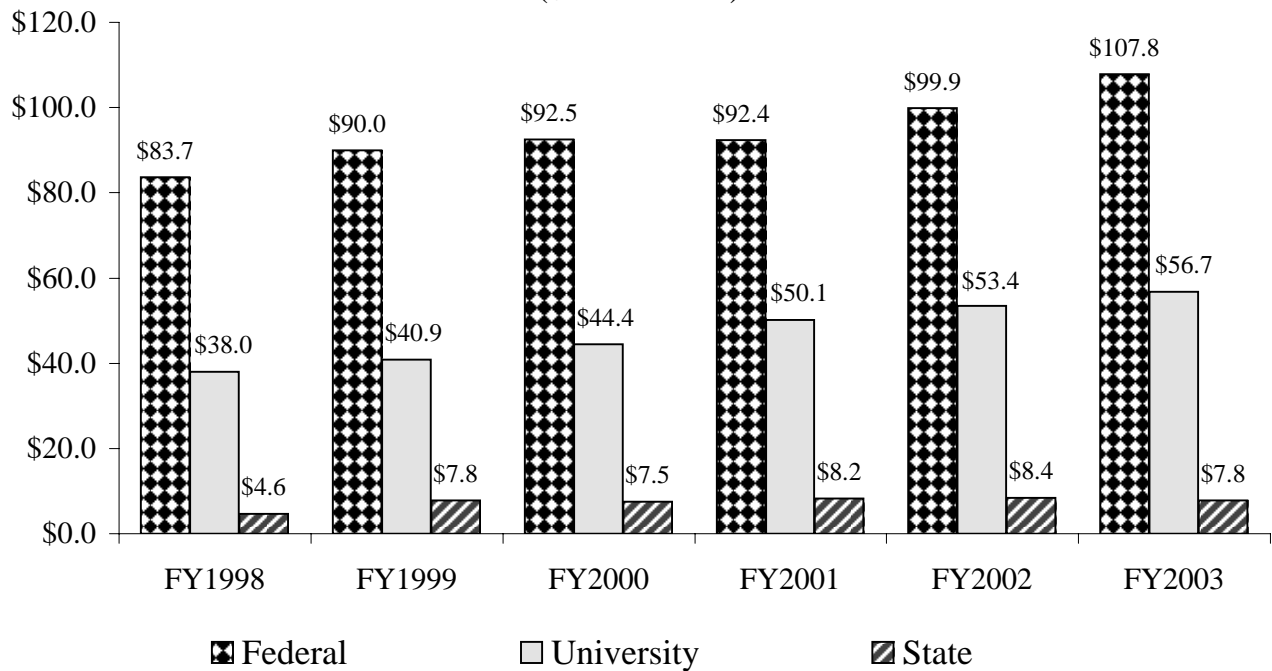


OVERVIEW

Financial Aid By Source (\$ in Millions)

	<u>FY1998</u>		<u>FY1999</u>		<u>FY2000</u>		<u>FY2001</u>		<u>FY2002</u>		<u>FY2003</u>		<u>5-Year</u> <u>Change</u>
Federal	\$83.7	66%	\$90.0	65%	\$92.5	64%	\$92.4	61%	\$99.9	62%	\$107.8	63%	29%
University	38.0	30%	40.9	29%	44.4	31%	50.1	33%	53.4	33%	56.7	33%	49%
State	4.6	4%	7.8	6%	7.5	5%	8.2	6%	8.4	5%	7.8	4%	70%
Totals	<u>\$126.3</u>	<u>100%</u>	<u>\$138.7</u>	<u>100%</u>	<u>\$144.4</u>	<u>100%</u>	<u>\$150.7</u>	<u>100%</u>	<u>\$161.7</u>	<u>100%</u>	<u>\$172.3</u>	<u>100%</u>	36%

Historical Level of Aid Funding By Source (\$ in Millions)



OVERVIEW

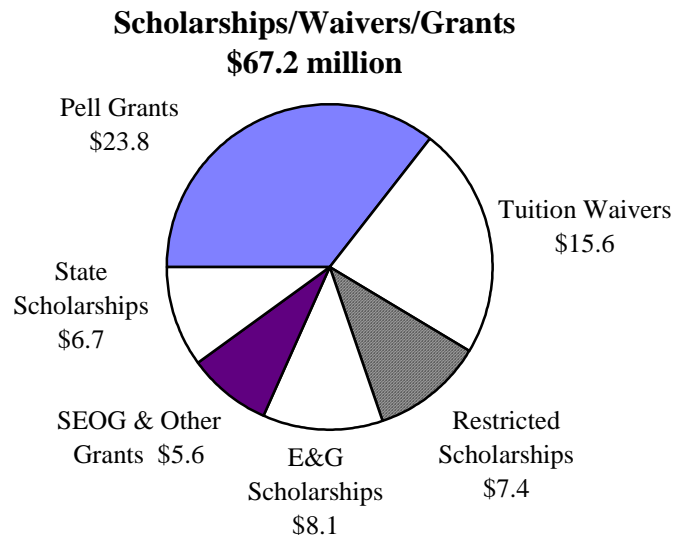
Scholarships, Waivers, & Grants

Scholarship, grant, and waiver programs totaled \$67.2 million in FY2003. Of this amount, \$23.8 million was in the form of Pell Grants which are funded by the federal government. Some students who received Pell Grants and demonstrated exceptional need may also receive Supplemental Educational Opportunity Grants which totaled \$5.5 million and are funded primarily by the federal government (\$4.3 million) with the University providing matching funds (\$1.2 million). Students must complete a financial aid application and meet Federal criteria for receiving funds which are awarded based on the financial needs of the applicants.

The UMS tuition waiver program represented the second largest category at \$15.6 million. Waivers generally are of an entitlement nature for students who meet specific eligibility criteria (65 years of age, North American Indian, etc.). The waiver program is also used to encourage the UMS universities to award tuition waivers to students whose presence would enhance the university experience for all students. The recipients may be gifted scholars, accomplished artists, outstanding athletes, or from groups significantly under-represented at a university. Per the UMS Board of Trustees' Policy 703.1 established in January 1977, "University tuition waivers and scholarships will be administered so that total financial aid does not exceed a student's total educational costs". Four waiver programs are controlled by State of Maine law: *Veteran's Dependent*, *Tuition Waiver for Children of Firefighters and Law Enforcement Officers Killed in the Line of Duty*, *National Guard Education Assistance Pilot Program*, and *Tuition Waiver for Persons Residing in Foster Care*. The UMS Board of Trustees controls the following waivers:

Trustee/International Waiver Program	Exchange Programs
Senior Citizens Waiver	Graduate Assistant Tuition Program
Employee Tuition Benefit	<i>USS Maine Commemorative Tuition Waiver Program</i>
Dependent Tuition Waiver	New England Board of Higher Education (NEBHE)
North American Indian Waiver	Canadian Student Waiver
High School Aspirations Waiver	

The Appendix Section of this report provides an explanation of the types of scholarship, grant, and waiver programs available at the University. The following graph shows the amount of scholarship, grant, and waiver funds awarded by the University.

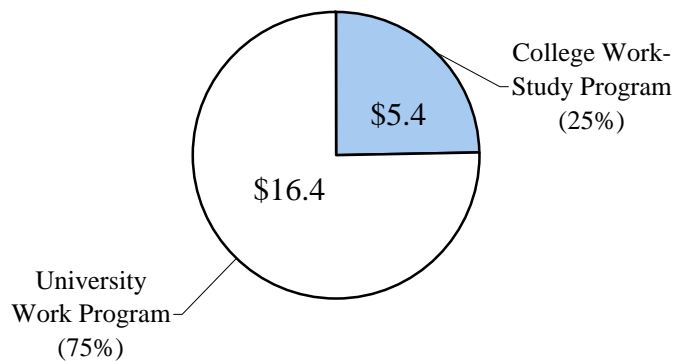


OVERVIEW

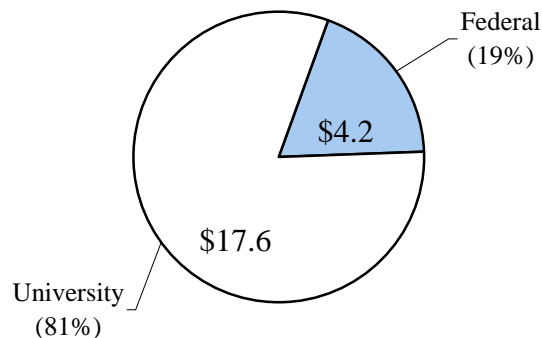
Work Programs

Students provide a wide range of valuable services for the University and various off-campus agencies as employees. Wherever possible, the jobs performed by students are designed to reinforce the students' educational programs. In FY2003, \$21.8 million was paid in the form of student wages. Of that amount, \$16.4 million or 75% of the funds were paid to students without regard to the Federal criterion for financial need. Students received a total of \$5.4 million under the Federal Work-Study program which is funded by both the Federal Government (\$4.2 million) and the University (\$1.2 million). The Federal Work-Study Program represents 25% of the total work program and is considered part of the "self-help" component of a student's financial aid package. The following graphs show the relationship between the types of work programs and the funding of these programs.

Types of Work Programs
\$21.8 million



Funding for Work Programs
\$21.8 million



OVERVIEW

Loan Programs

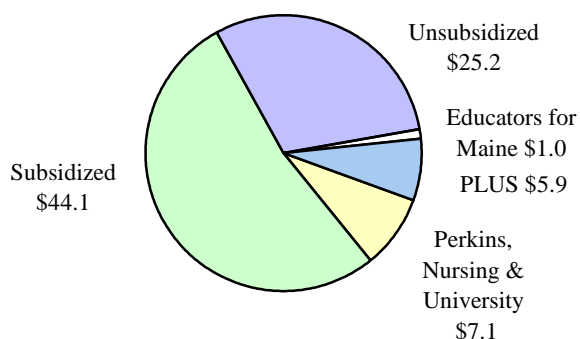
Of the \$172.3 million in financial aid funds received by students during FY2003, \$83.3 million (48%) was in the form of loans. Although the vast majority of the funding for educational loans is backed by the federal government, some funding is provided by the State of Maine and the University.

Of the \$83.3 million in educational loans, \$6.7 million was awarded for Perkins Loans. Although this is a Federal program, the University administers and contributes to this program making it the major University loan program. In recent years new federal contributions to the Perkins Loan program have been small, accounting for only 3% of the total Perkins funds disbursed in FY2003. Currently, the primary source of funding for this program is the repayment of loans by former students who borrowed under the program.

The University also administers and contributes to the federal Nursing Student Loan Program which awarded \$.3 million to students in FY2003. Institutional loans are also available to students meeting certain criterion, and these programs awarded \$.1 million in loans during FY2003. Although the University makes no financial contribution, it also administers the state-funded Educators for Maine Program which loaned \$1.0 million to UMS students.

Students received \$75.2 million through the Federal Family Educational Loan Program (FFELP) and the William D. Ford Federal Direct Loan Program (Direct). These two programs consist of Subsidized Loans (\$44.1m), Unsubsidized Loans (\$25.2m), and Parent Loans to Undergraduate Students (PLUS-\$5.9m). The FFELP is administered through the Federal government in cooperation with various State Guarantee Agencies, Commercial Lending Institutions, and Higher Education Institutions. The source of capital for these loans is Commercial Lending Institutions. Both UMA and UMPI participate in the Direct Loan Program which is administered by the Federal government in a cooperative effort with Higher Education Institutions. The Federal government is the source of capital for these loans.

EDUCATIONAL LOANS
\$83.3 million



COST OF EDUCATION

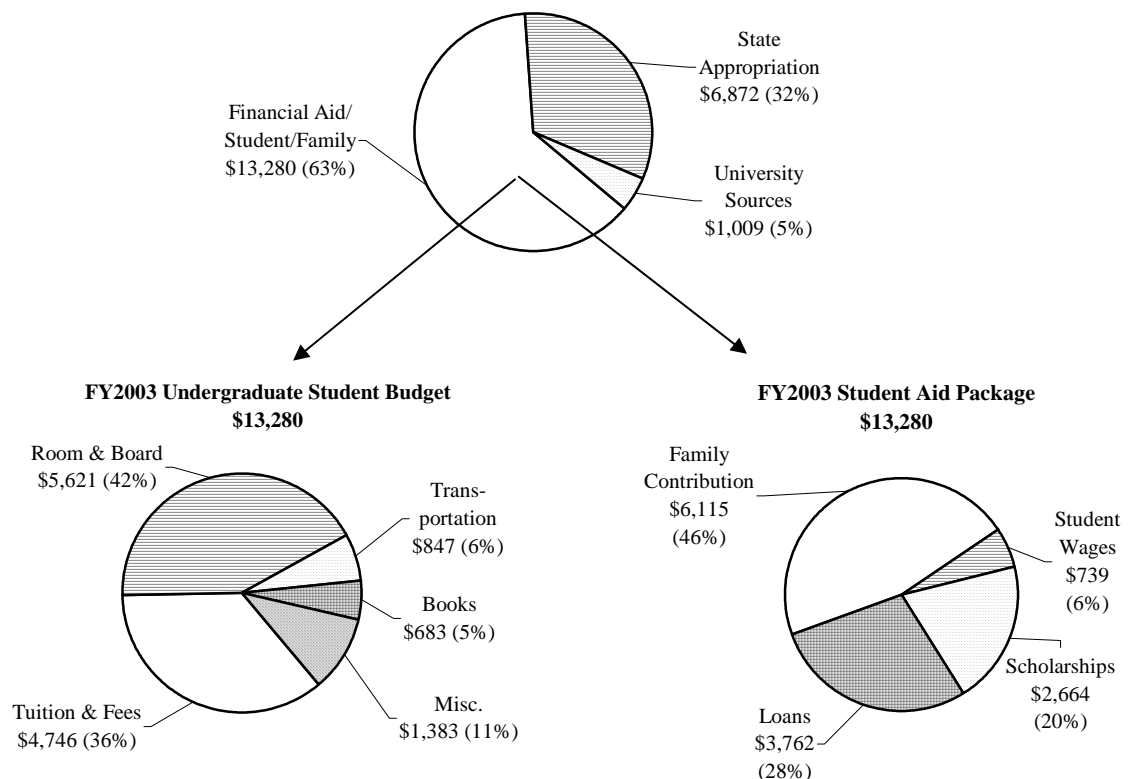
(Undergraduate, In-State, On-Campus Student)

The average total cost to educate an undergraduate in-state on-campus student at the University in FY2003 was \$21,161. The student, family, and financial aid paid \$13,280 (63%) of this cost. The remaining amounts were paid by State appropriations, \$6,872 (32%), and other University sources, \$1,009 (5%).

In order to meet the unique cost of an individual student, the Financial Aid Offices at each university have developed student budgets that are tailored to the economic characteristics of that university and the local economy. Student budgets are developed for both undergraduate dependent students (students that are dependent upon their parents for support) and undergraduate independent students (students that are not dependent upon their parents for support). In addition, strict Federal guidelines are followed in determining eligibility for Federal student aid.

One of the premises followed at the University in the awarding of aid is that students and their families are expected to share the responsibility of meeting educational cost. Family Contributions account for 46% of the Student Aid Package. Loans covered 28%; scholarships paid for 20%; and student work programs covered the remaining 6% of the costs. It should be noted that the family contributions may well include additional loan sources requiring the student and/or parent to begin repaying the loan immediately.

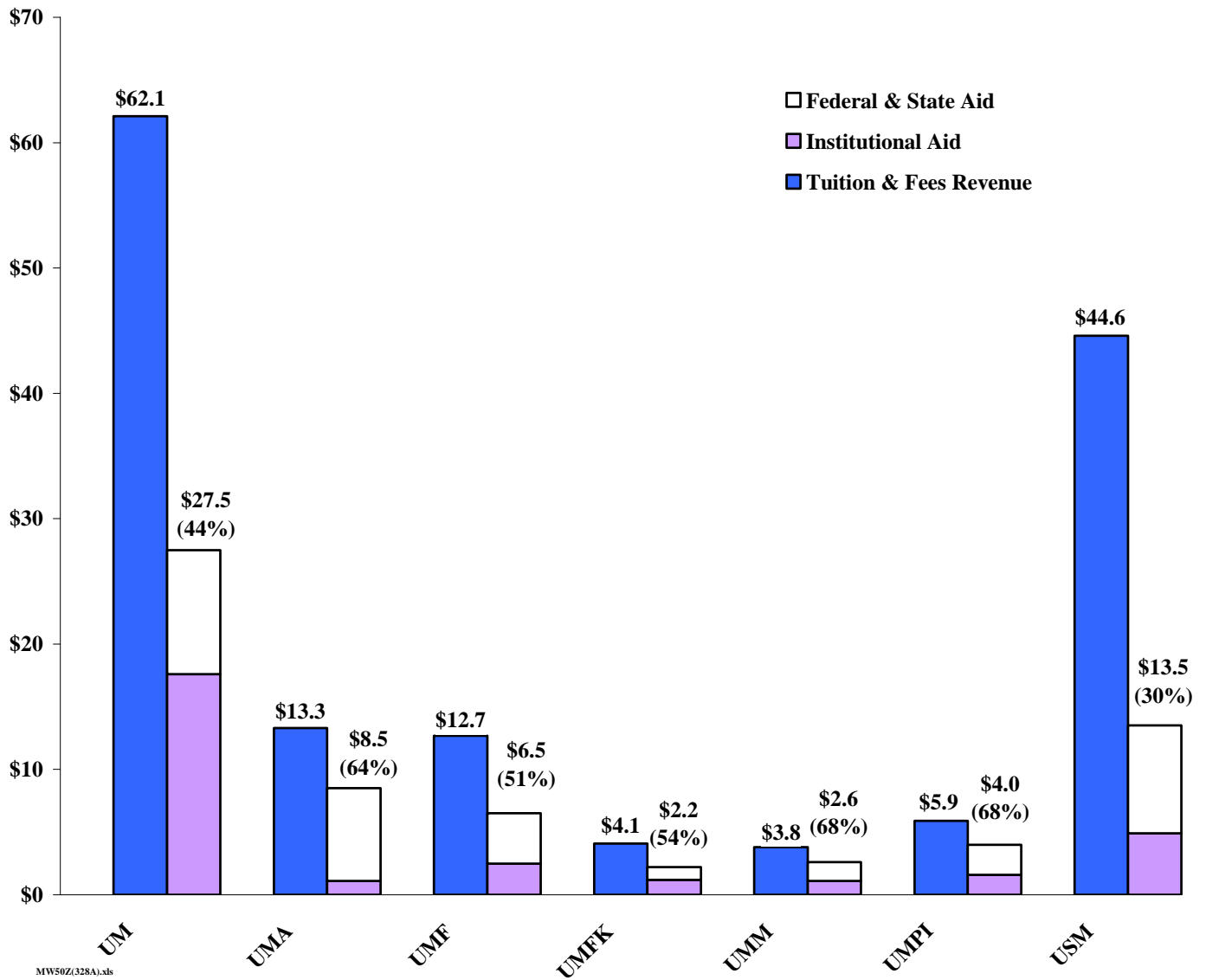
FY2003 Cost of Education = \$21,161



FINANCIAL AID COMPARED TO TUITION REVENUE

Although financial aid awards are based on a student's total cost of education (tuition, fees, room and board, books, transportation, and personal living expenses), the chart below shows the total financial aid (excluding loans, student wages, and employee/dependent waivers) received by students during FY2003 as a percentage of tuition and fees revenue.

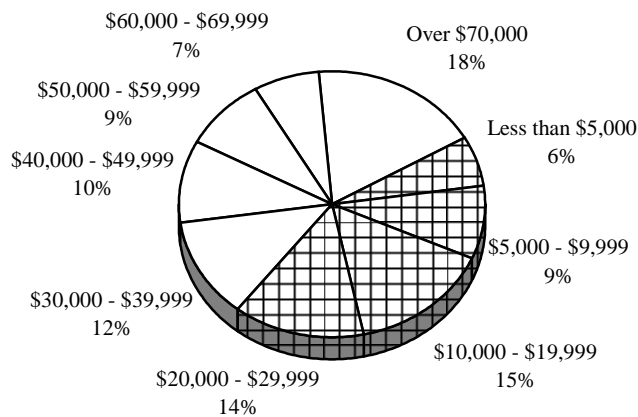
(\$ in Millions)



Family Income Levels of In-State, Undergraduate Federal Aid Recipients

More than 16,000 in-state, undergraduate students received some form of Federal financial aid during FY2003. For the purpose of calculating financial need, these students were classified as either dependent (rely on parental support) or independent (do not rely on parental support). The dependent students' family income levels and the independent students' income levels for those in-state, undergraduate students who received Federal aid are shown below. As indicated, 44% of the families/students earned less than \$30,000 and 75% of the families/students earned less than \$60,000.

FY2003
Income Levels for In-State, Undergraduate Federal Aid Recipients
(Dependent & Independent Students)



FY2003 In-State, Undergraduate Federal Aid Recipients

INCOME LEVELS	DEPENDENT STUDENTS	INDEPENDENT STUDENTS	DEPENDENT & INDEPENDENT STUDENTS
Less than \$5,000	1%	14%	6%
\$ 5,000 - \$ 9,999	1%	19%	9%
\$10,000 - \$19,999	6%	27%	15%
\$20,000 - \$29,999	11%	18%	14%
\$30,000 - \$39,999	14%	9%	12%
\$40,000 - \$49,999	13%	6%	10%
\$50,000 - \$59,999	13%	3%	9%
\$60,000 - \$69,999	11%	2%	7%
Over \$70,000	30%	2%	18%
	100%	100%	100%

HISTORICAL DATA

Financial Aid By Source of Funding (\$ in Millions)

	FY1998		FY1999		FY2000		FY2001		FY2002		FY2003	
<u>UNIVERSITY FUNDING:</u>												
Tuition Waivers	\$10.2	8%	\$11.4	8%	\$12.9	9%	\$13.8	9%	\$14.3	9%	\$15.6	9%
Scholarships	11.7	9%	12.9	9%	13.7	10%	14.7	10%	16.8	10%	16.7	10%
Student Wages	10.4	8%	11.3	8%	12.2	8%	14.0	9%	15.2	9%	16.4	9%
FWS Matching	1.2	1%	1.2	1%	1.2	1%	1.2	1%	1.0	1%	1.2	1%
University Loans***	-	-	-	-	-	-	0.2	0%	0.2	0%	0.1	0%
Perkins/Nursing*	4.5	4%	4.1	3%	4.4	3%	6.2	4%	5.9	4%	6.7	4%
Subtotals	\$38.0	30%	\$40.9	29%	\$44.4	31%	\$50.1	33%	\$53.4	33%	\$56.7	33%
<u>FEDERAL FUNDING:</u>												
PELL	\$13.9	11%	\$16.5	12%	\$16.3	11%	\$18.3	12%	\$21.6	13%	\$23.8	14%
SEOG & Other Grants	4.2	3%	4.2	3%	4.5	3%	4.3	3%	4.5	3%	4.3	3%
Work-Study	4.1	3%	4.3	3%	4.0	3%	3.9	2%	4.3	3%	4.2	2%
FFELP/DIRECT/PLUS	61.2	49%	64.7	47%	67.5	47%	65.7	44%	69.3	43%	75.2	44%
Perkins/Nursing	.3	0%	.3	0%	.2	0%	.2	0%	.2	0%	.3	0%
Subtotals	\$83.7	66%	\$90.0	65%	\$92.5	64%	\$92.4	61%	\$99.9	62%	\$107.8	63%
<u>STATE FUNDING:</u>												
Educators for Maine	\$.8	1%	\$.7	1%	\$1.0	1%	\$.9	1%	\$1.0	1%	\$1.0	0%
Maine Loan	.8	1%	1.1	1%	1.0	1%	.8	1%	.9	0%	-	-
Maine State Grant**	3.0	2%	6.0	4%	5.5	3%	6.5	4%	6.5	4%	6.8	4%
Subtotals	\$4.6	4%	\$7.8	6%	\$7.5	5%	\$8.2	6%	\$8.4	5%	\$7.8	4%
<u>TOTALS</u>												
	<u>\$126.3</u>	<u>100%</u>	<u>\$138.7</u>	<u>100%</u>	<u>\$144.4</u>	<u>100%</u>	<u>\$150.7</u>	<u>100%</u>	<u>\$161.7</u>	<u>100%</u>	<u>\$172.3</u>	<u>100%</u>
% Change over the prior year		4%		10%		4%		4%		7%		7%

* Consists of collections from previously loaned Perkins funds and Institutional Matching Funds.

** Also includes other state grants & scholarships.

*** Not previously reported

Financial Aid By University (\$ in Millions)

	FY1998		FY1999		FY2000		FY2001		FY2002		FY2003	
UM	\$56.4	45%	\$61.1	44%	\$63.2	44%	\$67.8	45%	\$72.3	45%	\$76.0	44%
UMA	11.5	9%	13.2	10%	16.1	11%	15.7	10%	16.6	10%	17.0	10%
UMF	12.4	10%	13.5	10%	13.4	9%	14.3	10%	15.0	9%	15.1	9%
UMFK	2.3	2%	2.8	2%	3.4	3%	3.3	2%	3.3	2%	3.7	2%
UMM	4.4	3%	4.7	3%	4.3	3%	4.4	3%	4.7	3%	5.0	3%
UMPI	5.4	4%	5.7	4%	6.0	4%	6.2	4%	6.3	4%	6.7	4%
USM	33.9	27%	37.7	27%	38.0	26%	39.0	26%	43.5	27%	48.8	28%
TOTALS	\$126.3	100%	\$138.7	100%	\$144.4	100%	\$150.7	100%	\$161.7	100%	\$172.3	100%

HISTORICAL DATA**Unduplicated Student Aid Recipients and
Average Aid per Recipient**

	FY1999		FY2000		FY2001		FY2002		FY2003	
	# Recipients	Average Aid	# Recipients	Average Aid	# Recipients	Average Aid	# Recipients	Average Aid	# Recipients	Average Aid
UM	8,856	\$6,899	8,680	\$7,281	8,930	\$7,593	9,212	\$7,849	9,675	\$7,852
UMA	3,047	4,345	3,699	4,360	3,649	4,311	3,812	4,362	3,965	4,293
UMF	2,342	5,743	2,239	5,984	2,256	6,333	2,278	6,562	2,312	6,505
UMFK	654	4,247	757	4,482	759	4,339	732	4,515	759	4,924
UMM	860	5,475	809	5,320	766	5,782	791	5,993	801	6,255
UMPI	1,209	4,744	1,273	4,718	1,323	4,691	1,264	4,944	1,346	4,990
USM	6,354	5,931	6,492	5,852	6,601	5,906	6,921	6,286	7,315	6,665
TOTALS	<u>23,322</u>	<u>\$5,947</u>	<u>23,949</u>	<u>\$6,030</u>	<u>24,284</u>	<u>\$6,207</u>	<u>25,010</u>	<u>\$6,465</u>	<u>26,173</u>	<u>\$6,581</u>

Summary of Unrestricted E&G Tuition Waivers

	FY1999	FY2000	FY2001	FY2002	FY2003
Dependent Tuition	\$567,908	\$632,925	\$639,018	\$732,127	\$ 839,539
Employee Tuition Benefit	645,893	701,035	725,585	795,349	920,541
Exchange Students	324,222	313,015	264,620	260,626	151,626
Graduate Assistant	2,070,483	2,066,332	2,144,062	2,177,914	2,257,728
North American Indian*	1,277,599	1,412,006	1,393,040	1,377,943	1,628,529
NEBHE/Canadian	2,047,088	2,903,058	3,178,649	3,077,761	3,336,617
Other	343,751	463,586	525,843	628,369	761,309
Senior Citizens	91,133	78,713	81,409	84,159	81,145
Trustee/International	3,418,391	3,588,367	4,244,542	4,538,076	4,788,946
Veteran's Dependent	597,214	709,800	630,932	652,384	819,300
TOTALS	<u>\$11,383,682</u>	<u>\$12,868,837</u>	<u>\$13,827,700</u>	<u>\$14,324,708</u>	<u>\$15,585,280</u>

*NOTE: In addition to the North American Indian Waiver Program, universities also provide room and board for eligible North American Indians who live on campus. In FY2003, room and board scholarships to these students totaled \$509,083.

HISTORICAL DATA

Summary of FY2003 Unrestricted E&G Tuition Waivers By University

	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>Total</u>
Dependent Tuition	\$ 487,313	\$ 40,528	\$ 58,681	\$ 11,278	\$ 14,132	\$ 30,208	\$ 197,399	\$ 839,539
Employee Tuition Benefit	380,473	105,845	30,569	15,501	14,080	7,275	366,798	920,541
Exchange	110,600	-	-	-	-	1,704	39,322	151,626
Graduate Assistant	2,113,909	-	-	-	-	-	143,819	2,257,728
North American Indian*	699,136	272,929	51,037	26,544	82,379	127,194	369,310	1,628,529
NEBHE/Canadian	997,536	-	276,651	739,381	179,144	775,945	367,960	3,336,617
Other	65,672	20,436	57,747	2,117	27,788	22,050	565,499	761,309
Senior Citizens	17,500	24,460	1,729	1,323	12,119	5,568	18,446	81,145
Trustee/International	2,477,174	116,213	588,830	138,646	377,081	201,622	889,380	4,788,946
Veteran's Dependent	255,135	167,769	49,833	24,435	2,736	57,216	262,176	819,300
TOTAL	<u>\$ 7,604,448</u>	<u>\$ 748,180</u>	<u>\$ 1,115,077</u>	<u>\$ 959,225</u>	<u>\$ 709,459</u>	<u>\$1,228,782</u>	<u>\$ 3,220,109</u>	<u>\$ 15,585,280</u>

Summary of FY2003 Unrestricted E&G Tuition Waiver Recipients By University

	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>Total</u>
Dependent Tuition	283	44	41	6	14	24	117	529
Employee Tuition Benefit	344	136	31	22	28	16	335	912
Exchange	25	-	-	-	-	2	5	32
Graduate Assistant	504	-	-	-	-	-	35	539
North American Indian*	158	144	15	6	46	59	115	543
NEBHE/Canadian	210	-	87	255	59	268	106	985
Other	76	79	182	5	12	23	733	1,110
Senior Citizens	20	37	2	3	26	7	30	125
Trustee/International	396	92	244	18	80	70	191	1,091
Veteran's Dependent	61	73	16	9	2	19	73	253
TOTAL	<u>2,077</u>	<u>605</u>	<u>618</u>	<u>324</u>	<u>267</u>	<u>488</u>	<u>1,740</u>	<u>6,119</u>

*In addition to the North American Indian Waiver Program, universities also provided room and board for eligible North American Indian students as follows:

	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>Total</u>
Room & Board Scholarship	\$289,103	\$ -	\$39,105	\$8,822	\$23,844	\$22,758	\$125,451	\$509,083
# of Recipients	55	-	9	2	7	10	27	110

HISTORICAL DATA

Federal Family Education/Direct Loans Loans by University (\$ in Millions)

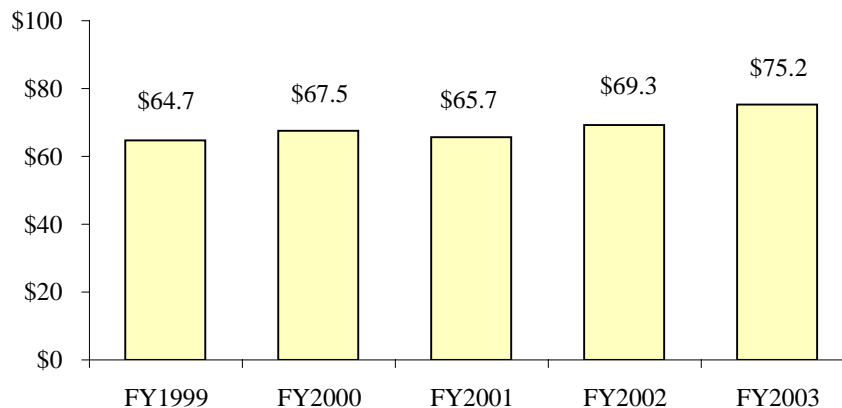
	FY1999		FY2000		FY2001		FY2002		FY2003	
	#	\$	#	\$	#	\$	#	\$	#	\$
UM	5,072	\$24.1	5,225	\$24.3	5,299	\$24.7	5,529	\$26.5	5,931	\$29.4
UMA*	2,119	6.6	2,491	8.7	2,137	7.5	2,230	7.6	2,370	7.6
UMF	1,668	6.5	1,608	6.4	1,618	6.4	1,611	6.7	1,615	6.6
UMFK	225	0.9	297	1.1	249	0.9	244	0.9	290	1.2
UMM	520	2.1	495	1.9	447	1.8	436	1.7	463	1.8
UMPI**	660	2.0	654	2.0	654	2.0	637	1.8	653	1.8
USM	4,416	22.5	4,376	23.1	4,219	22.4	4,434	24.1	4,690	26.8
TOTALS	14,681	\$64.7	15,146	\$67.5	14,623	\$65.7	15,121	\$69.3	16,012	\$75.2

Number of borrowers for 1997/1998 through 1998/1999 is based upon estimated unduplicated headcount.

* UMA began participating in the Federal Direct Loan Program in FY96.

** UMPI began participating in the Federal Direct Loan Program in FY95.

Federal Family Education/Direct Loans Historical Trend (\$ in Millions)



APPENDIX

DESCRIPTION OF STUDENT AID PROGRAMS

FEDERAL PROGRAMS

Federal Pell Grant - The Pell Grant is the basic program of federal grant assistance to undergraduate students of exceptional financial need. Administration is federally based. Grant amounts vary according to institutional costs, number of credits taken, and individual eligibility determinations. This is an "entitlement" program (funding is guaranteed to eligible students).

Federal Supplemental Educational Opportunity Grants - SEOG is a program of grant assistance for undergraduate students of financial need. Administration is institutionally based. Funding prior to FY90 was totally federal. In FY90, a 5% institutional match was required. In FY91, the match increased to 10%. In FY92 and FY93, the match increased to 15%. In FY94 and subsequent years, the match has increased to 25%. Federal funding is dependent upon an institutional application to the Department of Education.

Federal Work-Study - FWS is a program to provide employment to students with financial need. Jobs may be on-campus or with off-campus public or private not-for-profit agencies. To the maximum extent possible, jobs should complement and reinforce the student's educational program. Administration is institutionally based. Prior to FY90, the employing institution or agency paid at least twenty percent of the student wages and the federal government paid the remainder. For FY90, the match increased to 25% and in FY91, FY92, and FY93, the minimum match was 30%. For FY94 and subsequent years, the minimum match decreased to 25%. Federal funding is dependent upon an institutional application to the Department of Education.

Federal Perkins Loan Program - The Perkins Loan Program is a joint federal/institutional loan program for undergraduate or graduate students with financial need. Both interest and principal repayments are deferred during time of attendance. The annual interest rate is 5%, and repayment begins nine months after graduation or last attendance. Certain cancellation benefits exist. Administration is institutionally based. The institution's match prior to FY94 was at least one-ninth of the federal allocation. In FY94, the minimum match increased to three-seventeenths and in subsequent years, it increased to one-third of new Federal Capital Contributions. Federal funding requires an institutional application to the Department of Education.

Nursing Student Loans - The Nursing Student Loan Program is similar to the Perkins Loan Program except that only nursing students are eligible borrowers. Administration is institutionally based.

Federal Family Education Loan Program (Stafford Loan) - FFELP (Formerly called Guaranteed Student Loan Program) is a federal program established by the Higher Education Act of 1965 to let students borrow money for their educational needs beyond the high school level. Local financial institutions make loans to students enrolled at an institution of higher learning that participates in FFELP. The loan applications are processed at the University level. The federal government guarantees the loan made by the participating bank, savings and loan, or credit union. The interest rate is capped at 8.25%. For students who demonstrate financial need, the federal government subsidizes the interest rate and repayment is deferred until six months after graduation. For students who do not demonstrate financial need, interest begins to accrue immediately.

Federal Direct Student Loan Program - This program was initially authorized by the Higher Education Amendments of 1992. The program is the same as the FFELP Program, except the source of capital comes from the Federal Government instead of financial institutions. The primary objective of the Direct Loan program is simplification, reduced costs, and improved repayment of the loans by having a coordinated effort between students, institutions, and the U.S. Department of Education. Institutions apply to the federal government in order to participate in this program.

APPENDIX

DESCRIPTION OF STUDENT AID PROGRAMS

STATE PROGRAMS

Maine State Grant Program - The Maine State Grant Program is designed to promote an educational opportunity for Maine students attending postsecondary institutions. The program is administered by the Maine Education Assistance Division under FAME (Finance Authority of Maine). Determination of awards to students is based on rules and regulations established by the State that have been adapted to include applicable Federal guidelines.

Educators for Maine Program – Formerly known as the Teachers for Maine Program and the Blaine House Scholars Program, the Educators for Maine Program is designed to provide low interest loans to Maine students who intend to teach in Maine. These loans may be forgiven by teaching in a Maine public elementary or secondary school upon graduation. If the loan recipient does not meet the service requirements, however, the loan must be repaid with an interest rate of 6.74%. The program is administered by the Education Division of FAME (Finance Authority of Maine).

UNIVERSITY PROGRAMS

University Scholarships - All scholarships funded from unrestricted revenues (excluding North American Indian Scholarships) are used to provide aid to students in need of financial assistance or in recognition of talent and/or academic excellence.

North American Indian Scholarships - Since the Spring Semester of 1972, the University has subsidized room and board charges for North American Indians living in University dormitories. The Wabanaki Center, located at UM, certifies tribal eligibility as noted under the North American Indian Waiver Program for all campuses. In order to receive this scholarship, the student must apply for financial aid and show satisfactory academic progress.

Tuition Waivers - Waivers generally are of an entitlement nature for students that meet specific eligibility requirements. The waiver program is also used to encourage the Universities to award tuition waivers to students whose presence would enhance the university experience for all students. The recipients may be gifted scholars, accomplished artists, outstanding athletes, or from groups significantly under-represented at a university. Four waiver programs are controlled by State of Maine Law: *Veteran's Dependent*, *Tuition Waiver for Children of Firefighters and Law Enforcement Officers Killed in the Line of Duty*, *National Guard Assistance Pilot Program*, and *Tuition Waiver for Persons Residing in Foster Care*. The UMS Board of Trustees controls the following waivers:

TRUSTEE/INTERNATIONAL WAIVER PROGRAM	EXCHANGE PROGRAMS
SENIOR CITIZENS WAIVER	GRADUATE ASSISTANT TUITION PROGRAM
EMPLOYEE TUITION BENEFIT	USS MAINE COMMEMORATIVE TUITION WAIVER PROGRAM
DEPENDENT TUITION WAIVER	NEW ENGLAND BOARD OF HIGHER EDUCATION (NEBHE)
NORTH AMERICAN INDIAN WAIVER	CANADIAN STUDENT WAIVER
HIGH SCHOOL ASPIRATIONS WAIVER	

Student Employment - Throughout the University, students are employed in a number of jobs such as assisting in the Computing Center, Physical Plant, Residential Life, Academic Departments, etc.

Restricted Scholarships - These scholarships can be need-based or non-need-based. They are funded from income earned by the University endowment fund or other restricted accounts and do not represent an expense to the E & G budget.

Loan Program - The University maintains a number of loan programs which include funds established by individual contributors as well as the Perkins Loan Program (see comments under Federal Programs). Loans are made to students based on the restrictions established by the source of capital for the program. The loan programs are a continuing source of aid to students based on a revolving fund basis, e.g., as funds are repaid by students, new loans are made.

SUMMARY OF TUITION WAIVERS

DESCRIPTION	APPROVAL DATE	UNIVERSITY
1. <u>Trustee/International Waiver Program</u> -- The Trustee Waiver Program encourages universities of the University of Maine System to award tuition waivers to students whose presence would enhance the university experience for all students. The recipients may be gifted scholars, accomplished artists, outstanding athletes, or from groups significantly under-represented at a university. The number and amount of Trustee waivers shall not exceed 6% of students enrolled at each university, calculated on a full-time equivalent (FTE) basis or 6% of gross tuition revenue. Partial waivers are authorized.	Board of Trustees -- 05/90 Updated 11/96	ALL
2. <u>Senior Citizens Waiver</u> -- For the purpose of administering this waiver, "senior citizens" are defined as Maine residents who are, or will become, 65 years of age during the semester for which they are requesting the waiver. Enrollment will be subject to space availability. The Board of Trustees authorizes the waiver of tuition for senior citizens who wish to register for undergraduate courses on a credit basis at any unit of the University of Maine System. Applicants must establish financial need. The Board of Trustees authorizes the waiver of tuition and Board-approved mandatory fees (Unified Fee, Student Activity Fee, and Communications Fee) for senior citizens who register for undergraduate courses on an audit basis at any unit of the University of Maine System. Applicants do not need to establish financial need.	Board of Trustees -- 12/91	ALL
3. <u>Employee Tuition Benefit</u> -- The Board of Trustees encourages employee participation in educational programs by authorizing a waiver of tuition charges. Generally, employees may be eligible to take up to two (2) courses per semester not to exceed four (4) credit hours per course. Such courses shall be contingent on the availability of space. Also, each university shall designate those non-credit courses to which waivers will not apply. Permission from the employee's supervisor is required for any course scheduled during normal working hours; such absences must be made up.	Board of Trustees -- varies per contract signing date	ALL
4. <u>National Guard Education Assistance Pilot Program</u> -- Legislative Document 2585 signed by the Governor on May 5, 2000 provides that regardless of the state of residence, a member of the Maine National Guard who has met the requirements of the law and is attending a state postsecondary education institution, qualifies for in-state tuition rates.	State of Maine	ALL

SUMMARY OF TUITION WAIVERS

DESCRIPTION	APPROVAL DATE	UNIVERSITY
5. <u>Dependent Tuition Waiver</u> -- Dependents of full-time regular University employees not represented by a bargaining agent, or as provided in a collective bargaining agreement, qualify for a 50% tuition waiver. In order to qualify, spouses or dependent children must be enrolled at the University of Maine System on a full-time basis.	Board of Trustees -- 07/79	ALL
6. <u>North American Indian Waiver</u> -- Tuition and mandatory fees will be waived for qualified students, both matriculated and non-matriculated, who are enrolled in academic, credit-bearing courses at the undergraduate, graduate, or continuing education level at the universities of the University of Maine System. Academic qualifications and tribal eligibility shall be determined by the individual university at which application is made. Eligibility is extended to: a) individuals whose names are included on the current tribal census or who have at least one parent or grandparent who are included on the current tribal census of the Passamaquoddy Nation, the Penobscot Nation, the Houlton Band of Maliseet, the Aroostook Band of Micmac, or b) individuals who have lived in Maine for at least twelve months immediately prior to application and who are included on a current tribal census or who have at least one parent or grandparent who were included on the census of a state, federal, or provincial North American Indian Tribe or held a band number of the Maliseet or Micmac Tribes.	Board of Trustees -- 11/71	ALL
7. <u>Veteran's Dependent</u> -- Per Maine law, tuition and mandatory fees and lab fees will be waived for eligible orphans, widows, and widowers of veterans as well as spouses and children of veterans who are disabled, missing in action, etc. Initial eligibility is determined by the State of Maine Veterans Affairs Office. Students must be enrolled in an associate's, bachelor's or master's degree program. The waiver will be administered so that total financial aid does not exceed a student's total education cost. MRSA, Title 37-B, Section 505, as amended 2002, P.L. c.662.	State of Maine	ALL

SUMMARY OF TUITION WAIVERS

DESCRIPTION	APPROVAL DATE	UNIVERSITY
8. <u>Exchange Programs</u> --		
a) <u>Cooperative Exchange Program with UMPI and NMCC</u> -- Students, faculty, and staff at one of these institutions may register at the other institution on a tuition-waived basis. Academic Deans at each University involved will certify that the course enhances a student's occupational/educational objectives. The implementation of this policy is subject to the limitations of resources at each University. Resources relate to the availability of classroom/laboratory space.	Board of Trustees -- 03/77	UMPI
b) <u>National Student Exchange</u> -- The exchange program allows qualified students from approximately 160 member institutions in other parts of the United States including Puerto Rico, Guam, and the Virgin Islands to reciprocally attend UM, UMF, UMFK, UMPI, or USM for up to two semesters. Generally students pay tuition & fees to the home university at the home university's rates and room and board, if applicable, to the host university at the host university's rates.	Board of Trustees -- 03/77	UM, UMF, UMFK, UMPI, AND USM
c) <u>International Student Exchange Program</u> -- Approximately 30 direct exchange programs exist for students attending the University of Maine System who wish to study abroad including such countries as Australia, Austria, Bulgaria, Turkey, Ukraine, and Wales. Students who study through a direct exchange generally pay their tuition and fees to their home institution and pay their room and board, if applicable, to the host institution.	Board of Trustees -- 03/77	ALL
d) <u>Faculty Children Tuition Program</u> -- The University has had a Board-approved reciprocal agreement with certain New England universities since 1964, which amounts to acceptance of eligible students at in-state rates. Children of UM faculty and the Chancellor's Office are eligible to apply for in-state admission to URI and UCONN.	Board of Trustees -- 07/79	UM

SUMMARY OF TUITION WAIVERS

DESCRIPTION	APPROVAL DATE	UNIVERSITY
9. <u>Tuition Waiver for Persons in Foster Care Upon Graduating from High School or Successfully Completing a GED Examination</u> -- Tuition will be waived for eligible Maine students who have applied for federal student financial aid. These students must be enrolled in an undergraduate or certificate program of at least one year and not been enrolled full-time for more than five years or the equivalent. A person desiring a tuition waiver should apply to the Finance Authority of Maine for determination of eligibility. No more than 25 new waivers will be awarded in each year. MRSA, Title 20-A, Section 12571, as enacted 1999, P.L. c.429-A and amended in May 2000.	State of Maine	ALL
10. <u>Tuition Waiver for Children of Firefighters and Law Enforcement Officers Killed in the Line of Duty</u> -- Per Maine Law, tuition will be waived for eligible students but will be limited to undergraduate degree programs and shall be limited to the earlier of not more than five years of full-time enrollment or its equivalent, or receipt of a Baccalaureate Degree. A person desiring a tuition waiver should apply to the Department of Education for determination of eligibility. MRSA, Title 20-A, Section 12551, as enacted 1985, P.L. c.472.	State of Maine	ALL
11. <u>Graduate Assistant Tuition Program</u> -- In recognition of the desirability of attracting outstanding graduate students (in-state and out-of-state) to the University of Maine System, the University System has a graduate assistant tuition assistance program whereby selected graduate students are provided free tuition. The in-state portion of the tuition charge is paid by the appropriate academic departments as a tuition scholarship. For out-of-state graduate students, the difference between the in-state and out-of-state tuition is waived.		ALL
12. <u>USS Maine Commemorative Tuition Waiver Program</u> -- Tuition will be waived for eligible members of the <i>USS Maine's</i> crew, their spouses, and dependent children. Eligible crew members and families will be limited to the initial crew and those assigned to the ship within one year of its commissioning. Universities with over 1,000 students will be expected to carry up to two tuition waivers, and those under 1,000 students to carry up to one tuition waiver. Each waiver will be for \$2,500 or the cost of tuition, if less.	Board of Trustees -- 5/95	ALL

SUMMARY OF TUITION WAIVERS

DESCRIPTION	APPROVAL DATE	UNIVERSITY
13. <u>High School Aspirations Incentive Program</u> -- To raise educational aspirations, students currently attending Maine High Schools, whether private or public (or being home schooled in Maine homes), and adult education diploma candidates who are within one calendar year of diploma completion are eligible for the High School Aspirations Incentive Program. The in-state student waiver is one-half the in-state tuition rate, and the waiver for out-of-state students attending Maine High Schools is one-half the out-of-state tuition rate. Traditional high school students must have school approval, parental approval, and a minimum high school grade point average (GPA) of B or better and junior or senior standing. Adult education students must have approval from the adult education director and/or counselor and must have maintained a B or above average in their adult education course work. Students can take any academic course for which they have met the course prerequisites as long as there is space available. Traditional high school students may enroll in a maximum of two courses or six credit hours (whichever is greater) per semester during their junior and senior year. Adult education students may enroll in up to two courses or six credit hours (whichever is greater) per semester for a maximum of two semesters (i.e., a maximum of four courses or twelve credit hours total, whichever is greater). The program is limited to regular university courses taught by university faculty through direct, on-site instruction at a University of Maine System university or Center during the regular academic year (fall and spring semesters only).	Presidents Council -- 7/97	ALL
14. <u>Canadian Student Waiver</u> -- All Canadian students (graduate and undergraduate) from all provinces will be charged 150% of the in-state tuition rate by all universities of the University of Maine System, thereby waiving the difference between the out-of-state charge and 150% of the in-state charge.	Board of Trustees -- 1/99	ALL
15. <u>New England Board of Higher Education (NEBHE)</u> -- Regional cooperation among New England State Universities permits the payment of 150% of in-state tuition by all New England students accepted for study in this program thereby waiving the difference between the out-of-state charge and 150% of the in-state charge.	Board of Trustees -- 07/93	ALL

NOTE: In general, members of the Armed Forces and their dependents will be granted in-state tuition during such periods of time as they are on active duty within the State of Maine or if their military state of residency is Maine as evidenced by appropriate official documentation. A Maine resident who is absent from the State for military or full-time educational purposes will normally remain eligible for in-state tuition.